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OFFICE OF THE GOVERNOR
Budget and Program Planning

PRIORITY BUDGETING SYSTEM
1977-79 BIENNIUM
Revised June 1976

Thomas L. Judge, Governor
Michael G. Billings, Director

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STATE OF MONTANA

PRIORITY BUDGETING SYSTEM

1977 – 1979 Biennium

INSTRUCTIONS AND PROCEDURES

June 1976

**OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING**

**THOMAS L. JUDGE, Governor
MICHAEL G. BILLINGS, Director**


State of Montana
Office of The Governor
Helena 59601

May 6, 1976

THOMAS L. JUDGE
GOVERNOR

MEMORANDUM

TO: Program Managers

FROM: Governor Thomas L. Judge 

SUBJECT: 1977-79 Budget Preparation:
The Priority Budgeting System

In accordance with House Bill 643, eight programs in Montana State Government have been selected as pilots to test the third step in our new program planning and budgeting process: a "priority budgeting system." This system will permit a detailed analysis and justification of budget requests by enabling the executive branch to identify, evaluate, and rank in order of importance each activity which your program will perform.

The system will enable you to present information and analyses necessary for both the Legislature and myself to better understand your operations, both present and projected, and will provide each of you with more direct control over your budgets.

The Priority Budgeting System will thus assist us in re-evaluating your program's objectives, operations, and resource needs and will encourage you and me to use imagination in identifying better and/or less expensive methods of operations. This process offers a challenge which I hope you will meet with enthusiasm.



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INTRODUCTION

House Bill 643 (Chapter 460, Montana Session Laws of 1975) provides that the "budget director shall implement a program planning and budgeting system . . . for at least one program in representative agencies of state government service such as planning, human service delivery, licensing and regulation, and other programs as determined by the budget director."

The Office of Budget and Program Planning has responded to this legislation by designing a program planning and budgeting system which consists of three distinct but closely related phases: policy formulation, long-range planning, and budget development. The first two steps have largely been completed, the results being reflected in the *Governor's Policy Initiatives* and the *Executive Planning Process*. The final step -- translating the policy initiatives and multi-year plans into the 1977-79 executive budget -- commences with the distribution of these and related budget instructions.

Preparing the 1977-79 Executive Budget

The Executive Budget for the 1977-79 biennium will be prepared in three parts. The first of these is the traditional budgeting approach with some significant modifications. Under this method, a budget reflecting the cost to continue the current level of services will be prepared and submitted to Office of Budget and Program Planning by June 30, 1976. Then, any desired modifications to the current level service request (expansions, reductions, and new activities) will be prepared and submitted by August 15, 1976. All agencies excluding those selected as pilot projects will prepare their budgets in this manner. Instructions for this approach have already been distributed.

The second part, which will be used by the eight programs selected to be pilot projects, is required under House Bill 643. It is described below.

The third aspect covers the preparation of the Long Range Building Program. House Bill 643 requires that all agencies prepare their capital budget requests according to the format prescribed by that legislation. The Construction and Maintenance Division, Department of Administration, will distribute instructions for the preparation of capital requests in a short time.

The Priority Budgeting System

The requirements of House Bill 643 can best be fulfilled by utilizing an approach which is being termed the Priority Budgeting System.

The basic concept of the Priority Budgeting System is that the estimate of financial needs for a budget program must be justified in its entirety, and is analyzed by decision-makers accordingly. Program managers are required to biennially assess the benefit derived from ongoing operations, as well as the need for additional resources. The Priority Budgeting System will identify to all levels of management the cost, benefits, and suggested operational improvements

associated with the achievement of desired goals and objectives, as established by both the *Governor's Policy Initiatives* and departmental executive plans.

The process begins with the identification of all the discrete activities within a program. The budget request for each activity is developed in a series of "activity decision packages," each one representing the resources required to support a particular output and impact level at which the activity would operate if the funding request were ultimately approved.

Decision packages are then ranked in order of priority by each manager in presenting his budget request to higher management. The ranking process is further carried out at the department level. These department recommendations will then be evaluated by OBPP in cooperation with program personnel pursuant to formulating final recommendations for the Governor's action. The ranking process offers each manager at each decision level the opportunity to fully express his recommendations for the allocation of resources within that particular area of responsibility.

These instructions and procedures are intended to explain the purpose and concepts underlying the Priority Budgeting System, how to comply with the various information requirements of House Bill 643, how to complete the various forms involved, and how to arrange and submit each program's final budget request to OBPP. It is strongly urged that *all* individuals carefully read and digest these instructions. The concepts are initially difficult to grasp (although once understood, they should not be difficult to apply), so it is important that they be fully understood. Knowledge of the process should not be limited to fiscal managers. A critical element in the successful completion of the process is the complete involvement of both fiscal *and* program managers. In fact, the initial steps in the process should be completed by program managers.

Once these instructions are distributed, OBPP staff will work closely with each of the eight programs in explaining the use of the process. It is imperative that the various concepts be clearly understood at the end of this phase.

GLOSSARY

Budget Program Structure. The method employed to organize information and examine outputs and impacts. It is a statement of the functions and activities of state government, relating the contribution of each part to the whole. The program structure is in turn dependent on a classification system, which allows comparisons to be made between similar activities. For the purposes of this approach, the components of the budget program structure are as follows:

1. *Functional area:* forming the highest level of the structural hierarchy, each functional area represents a major purpose of state government. Seven functional areas have been identified for current state operations, including General Government, Economy and the Environment, Education, Human Services, Community Development, Public Safety, and Transportation.
2. *Program:* the major subdivision of a functional area, a program is a logical grouping of a set of activities around a common purpose.
3. *Category:* the third level of detail, a category is the basic component of a program. It can be expressed in goal terms and should reflect the efforts necessary to achieve the stated goal(s).
4. *Activity:* a discrete function or operation which utilizes resources to achieve specific objective(s) through the production of work outputs which have a measureable policy effect on client groups or the environment.

It is important to note that a budget program structure does not necessarily have to parallel organizational program structure. The activity is the basic building block and should easily relate to either the budget or the operating structure. For preparation of the 1977-79 executive budget this program structure will be applied only to those eight programs covered by these instructions (see Attachment VI).

Objective. A statement of a planned result, quantifiable within a specific time-frame.

Workload and/or Demand Estimator. The impetus for providing the means to achieve desired end results (origin can be from citizens, legislation, or natural causes).

Output Measure. An accountable unit of work produced at the activity level which measures the extent of that activity. (This term is being substituted for "program size indicator" in House Bill 643.)

Impact Indicator. A measure which indicates the effect activities have upon individuals (clients, target population) or the environment. (This term is being used in place of "effectiveness measure" called for in House Bill 643.)

Current Level Services. The level of effort authorized by a program's appropriation for the 1977 fiscal year, plus inescapable increases due to salary adjustments, inflation, etc. (Any activity authorized through a budget amendment is not a part of current level services, but rather should be treated as a modification to current level services.)

Activity Decision Package. A means of analyzing the allocation of resources by discrete units of operation within a program in an effort to promote more rational decision-making. The analysis focuses on the relationship of outputs and impacts to different levels of funding.

THE PRIORITY BUDGETING SYSTEM: PURPOSE AND CONCEPTS

Purpose

In most cases, plans and budgets are typically developed by taking the cost of the current level of operation, adding "built-in" and inescapable adjustments such as salary increases, and then requesting additional expenditures and programs. This process does not require a detailed review of the ongoing operations and expenditure levels, has led to ever-increasing budgets, and places the burden of proof on the top management review process to alter these budget requests.

For the 1977-79 budget, a system is being introduced which requires each pilot program manager to justify his entire budget request in detail, and shifts the burden of proof to each manager to justify why *any* money should be spent. This procedure requires that all activities and operations be identified in "activity decision packages," which will be evaluated and ranked in order of importance by systematic analysis. (Activity decision packages are so-named because they require thorough analysis of the costs and benefits of completing a discrete activity and because the information generated as a result of such a process encourages a more rational decision on the desirability of carrying out the activity and, if so, at the most appropriate level of effort.)

This approach should provide numerous benefits for program managers. First of all, the identification of one hundred percent of each activity requires each manager to carefully evaluate and consider the ongoing need for each activity and to consider different levels of effort and alternative ways for performing the activity.

Secondly, based on the evaluation of alternatives, the program and activity managers have the opportunity to communicate their analysis and recommendations to higher management for review and consideration in determining budget allocations.

Third, once activity decision packages have been identified, prepared, and accorded a priority ranking, changes in desired expenditure levels for program budgets do not require the recycling of budget inputs, but the decision package ranking identifies those activities (decision packages) to be added or deleted.

Finally, the list of ranked decision packages can be used during the operating year to identify activities to be reduced or expanded if allowable expenditure levels change or actual costs vary from the budget.

The philosophy, procedures, and budget forms and instructions for the Priority Budgeting System are described in this manual. The instructions are intended to allow a good deal of flexibility in adapting the general concepts and procedures to your specific needs. This process has three basic forms, which are intended to aid each manager in planning and budgeting for his activities; they are not forms to be filled out after the planning and budgeting process is completed. Once these analysis forms are completed and the allocation decisions made, the regular budget forms will be used to further explain those decisions in more detail.

Concept of Activity Decision Packages

An activity decision package identifies a discrete function or operation in a definitive manner for management evaluation and comparison with other functions, including consequences of not performing that function, alternative courses of action, and costs and benefits. Activity decision packages will be defined at operating levels below the program level in most departments where discrete pieces of an operation can have meaningful identification and evaluation.

There are two types of alternatives that should be considered when developing activity decision packages:

1. *Alternative methods of performing the same activity.* This analysis identifies alternative ways of performing a function. The best alternative is chosen and the others are discarded.
 - If an alternative to the current way of doing business is chosen, the recommended way will be shown in the decision package with the current way shown as an alternative.
 - Only one decision package is prepared for the method selected. It shows the recommended way of performing the function and identifies the alternative ways considered, giving a brief explanation of why they were not chosen.
2. *Alternative levels of effort of performing the function.* This analysis identifies alternative levels of effort to perform a specific or related activity. A minimum level of effort should be established (eighty percent or less of the current biennium appropriation), and additional levels of effort identified as separate decision packages.

This minimum level of effort package may not completely achieve the purpose of the activity (even the additional levels of effort proposed may not completely achieve it because of realistic budget and achievement constraints), but it should identify and attack the most important elements. In many cases, the minimum level of effort may be much less than 80 percent of the current level of operation. (one exception to this rule of thumb would be start-up functions or operations that were not up to full speed during the preceding budget year).

Managers should consider both types of alternatives in identifying and evaluating each function. Managers will usually identify different ways of performing the same function first, and then evaluate different levels of effort for performing the function for whichever method is chosen.

The identification and analysis of alternatives and the subsequent preparation of activity decision packages cannot be made in a vacuum. Guidelines concerning such matters are available in the *Governor's Policy Initiatives*. Those initiatives have been amplified and supplemented as a part of the *Executive Planning Process* and should provide the basis for the identification and consideration of both alternative methods and alternative levels of effort.

Formulation of Activity Decision Packages

Activity decision packages are usually formulated at the next level below the program level.

This should promote a detailed identification of activities, operations, and alternatives by those managers most familiar with the task to be performed, as well as generate interest in and commitment by those individuals who will be responsible for carrying out the actions identified in the approved packages.

To begin developing activity decision packages, a manager might logically start by identifying the current year's operations. The manager can take the current year's expenditure level, identify the functions or operations creating this expense, and calculate or estimate the cost for each function. After current operations have been broken into activity decision packages, the managers can start looking at the requirements for the coming year.

The identification of "business as usual" (or current) levels of effort and funding merely provides the basis from which each manager will consider operating requirements for the ensuing biennium. The real starting point in determining the next biennial budget occurs when alternatives to "current" levels of effort are developed by evaluating different ways and/or levels of effort to perform the activity. If an alternative to the "current" method is chosen, the so-called alternative method is incorporated into the recommended package and the "current" method is identified as the alternative. At the conclusion of the formulation stage the manager will have identified the proposed functions, which will fall into three categories:

1. Different ways and/or different levels of effort for performing the function;
2. "Business as usual," where there are no logical alternatives so the present method and level of effort is recommended; and
3. Packages for new functions or operations.

Before performing the analysis relevant to the various activities, a list of those activities which will be the subject of the decision packages should be discussed with OBPP.

Activity Decision Package Ranking

Once all activity decision packages are completed, successive levels of management will rank all of those packages in priority order of importance.

This section suggests some ranking procedures that may be of help to each manager in ranking activity decision packages. The ranking process attempts to provide management with a technique to allocate its limited resources by answering the questions of what objectives should we attempt to achieve and how much should be spent in this attempt?

Management can try to answer these questions by taking the decision packages identified and analyzed and listing (ranking) them in order of decreasing benefit to each organization. Management can then identify both the benefits to be gained at each expenditure level and the consequences of not approving additional packages ranked below that expenditure level.

The initial ranking of packages should occur at the organizational level where the packages are developed in order to allow each manager to evaluate the relative importance of the various activities involved. This ranking will be reviewed at higher organizational levels and used as a

guide for merging those rankings. At the lower organizational levels, rankings can be done by an individual with adequate detailed knowledge of the areas involved. However, at the higher levels the expertise required to rank packages may be best obtained through a joint review and analysis procedure similar to the one currently being used in considering the executive plans.

Two problem areas can be expected during the initial implementation of the ranking process:

1. Managers may have conceptual difficulty in ranking packages that they consider "requirements" and may express concern as to their ability to judge the relative importance of dissimilar functions since many packages require subjective judgment.
2. The number of decision packages may be too great for the time management has available to thoroughly evaluate and rank the packages.

The difficulty and the time consumed in ranking packages can be reduced, however, if managers do not concentrate on ranking packages that are high priority or "requirements" and are well within the expenditure guidelines (other than to ensure that all alternatives, cost reduction opportunities, and operating improvements have been explored and incorporated as appropriate), but instead concentrate on discretionary functions and levels of effort; and do not spend too much time worrying whether package 4 is more important than package 5, but only assure themselves that packages 4 and 5 are more important than package 15, and package 15 more important than package 25, and so on.

Ranking packages at each organizational level thus allows the responsible managers to evaluate the desirability of various expenditure levels throughout the planning and budgeting process.

Conclusion

It is important to note that the basic thrust of this approach to planning and budgeting is to re-focus attention on the outputs (work accomplished) and impacts (effectiveness) of a program's efforts, thus enabling a clearer understanding of the way inputs (resources in dollars and personnel) are managed to achieve those results. In fact, the relationship between inputs and outputs is the basis for evaluating efficiency (or productivity); the relationship between inputs and impacts establishes the basis for judging effectiveness. Thus, the Priority Budgeting Process builds upon the strengths of the traditional input approach to budgeting by providing program and fiscal managers, as well as executive and legislative decision-makers, with a much more concrete assessment of both efficiency and effectiveness than they have ever had before.

GENERAL PROCEDURES

Forms

The following forms are to be used in completing the Priority Budgeting System

| | |
|-------|---|
| PBS-1 | General Narrative Information |
| PBS-2 | Activity Decision Package |
| PBS-3 | Activity Decision Package Priority Table |

Once the PBS forms and procedures have been completed, the following regular budget detail forms should be filled out by program:

| | |
|--------|--|
| B-02 | Detail of Program Activity (with Detail Forms A, B, and C) |
| B-1000 | Summary of Salaries and Hourly Wages |
| B-80 | Summary of Program Activity |
| B-70 | Detail of Accounting Entity |

The appropriate use of these forms is described below and in the regular budget instructions (see *Montana Administrative Manual*, volume 2, chapter 0500, April 1, 1976). Sample forms are included in this manual and additional copies can be obtained from Office of Budget and Program Planning. In addition, a copy of the executive guidelines, which in some cases supercede the *Governor's Policy Initiatives*, is included as attachment I. These guidelines deal mainly with such matters as limits to FTE growth and inflation rates and must be closely observed.

Submission Date

Each pilot program should submit its final budget request to OBPP by *Friday, August 13, 1976*. The materials required should be submitted with four (4) copies (one copy will be forwarded to the Legislative Fiscal Analyst).

Pagination

Each budget request should have all pages numbered consecutively from 1 to N. This is in addition to the numbering approach used for each activity decision package.

Steps in Completing the Process

While individual program managers have the flexibility to develop their own procedures in completing the process, the following steps should be closely observed:

1. *Selection of Activity Decision Packages.* The first step in the process should be the selection of activities to be analyzed in decision packages. A complete list of activities - both current and new - should be developed and discussed with OBPP prior to June 1, 1976.

2. *Calculation of Current Level.* For those activities currently being carried out, the current level of services should be calculated. This means that the cost of continuing to perform the current volume of work should be identified and analyzed as per the instructions below. *Current level of services is defined as the amount of resources approved by the Legislature for the current biennium's activities plus inescapable increases (i.e., inflation).* Operations undertaken as the result of an approved budget amendment should be viewed as a modification due to a workload change or a new activity, and will have to be analyzed as a part of a decision package (or packages) dealing with a higher level of effort.
3. *Submission of Current Level Budget and 1977 Operational Plan.* Once current level services have been costed out for those activities already underway, the results should be summarized for the program on form B-02 and submitted to OBPP by *June 30, 1976*.
4. *Completion of Analysis.* Decision packages for alternative levels of effort and new activities should then be completed, ranked in terms of priority, and submitted to OBPP by the August 13 deadline.

INSTRUCTIONS AND EXAMPLES

As with the Executive Planning Process, it is the intent of the Office of Budget and Program Planning that the Priority Budgeting System can be completed with a maximum amount of creativity and innovation and a minimum amount of inconvenience. Most importantly, it is hoped that agency personnel will view it as an opportunity for creative and analytical thinking about and discussion of a department's program activities, objectives, and use of resources, both in terms of existing activities and any projected new activities. The process should, in other words, encourage the program manager to thoughtfully evaluate the direction and effectiveness of his area of responsibility, as well as the manner in which resources are used or are expected to be used.

The result should be a budget request which should substantially encourage a much clearer assessment of program needs and priorities at all levels of management and decision-making. The request should be easier to explain and justify to all levels, thus furthering a more rational resource allocation process in state government.

OBPP's role should be viewed as one of facilitating the process. Accordingly, the formats prescribed are meant to be suggestive; if, for example, a better method is proposed and can be justified as appropriate for the particular agency involved, OBPP will negotiate its use, based upon a concern for both overall consistency and OBPP's needs. In any case, flexibility continues to be of paramount concern.

One product of the process will be a set of recommendations to the Legislature for future revisions in the state-wide budgeting process. It is expected at this point that those recommendations will closely reflect the provisions of this system. As you use the system and develop opinions about its utility, effectiveness, and requirements at the program and department level, OBPP would appreciate receiving any comments you might have. This is, after all, something of an experiment to determine if this particular approach to planning and budgeting would be most appropriate in meeting state government's needs in these areas. The results of the experiment will be largely judged in light of your thoughts on the matter.

Program Narrative (Form PBS-1)

House Bill 643 requires that narrative information be provided as part of a program's budget request. This information should be entered on the PBS-1 form and should be presented as briefly and concisely as possible. The narrative information should be written at the program level — program in this case being defined as a logical grouping of activities around a common purpose. The following subjects should be covered in the following manner:

1. Citation of statutory authority and administrative code references (as applicable) under which the program operates;
2. A program analysis, including:
 - a description of the kinds of activities carried out along with any unusual technologies employed;

- a description of major external trends affecting the program;
- an analysis of how effective the program has been in the past and the reasons for the level of success attained (this analysis should relate as much as possible to quantified impact indicators contained in the activity decision packages); and
- a description of possible events that could result in significant variations in the size, operation, or effectiveness of the program.

3. An explanation of rationale used in determining the priority listing.

Examples of how this material can be presented are included in Attachment II.

Activity Decision Packages (Form PBS-2)

The purpose and concepts underlying the activity decision package have already been discussed at length in section 2. The purpose here is to explain how the format should be used.

House Bill 643 requires that program analysis be provided for *at least three alternative funding levels. Therefore, at least three decision packages should be prepared for each level of effort for each activity.* The funding constraints for each activity are (1) current level of services; (2) eighty percent or less of the FY 1977 appropriation (as reflected in the operational plans); and (3) the desired levels of effort for FY 1978 and FY 1979. If the proposed activity is new, the funding constraints should be (1) desired level; (2) 80 percent or less of desired level; and (3) a third level to be determined by the program manager. (The 80 percent or less level of effort should be the absolute minimum level at which the activity can be performed while still retaining some degree of effectiveness.) For existing activities, if neither the eighty percent or less or current level of services represents a feasible alternative to the desired level of effort, additional decision packages can be prepared which reflect more acceptable fall-back positions (on either side of the desired level). It should be emphasized that *only three decision packages are required for each activity; additional packages can be submitted, but they are not required.*

Selecting Activity Decision Packages. The first step, then, in completing an activity decision package is to select those activities around which the packages will be developed. To reiterate, an activity decision package should identify a discrete function or operation in a definitive manner for management evaluation and comparison with other functions. As a rule of thumb, decision packages should be developed at the third or fourth level of detail within a department structure. A sample list of possible activity decision packages is included as Attachment III.

Instructions and Definitions. Form PBS-2 (2 pages) may serve as the entire presentation for an activity decision package, or it may serve as summary sheet for a package (each section should be complete in itself, with no sentences continuing on to additional pages). There may be as many attached descriptive, backup, and analysis sheets as desired.

Purpose: To identify the proposed activities, functions, operations, alternatives, and related costs in a definitive manner for management evaluation and comparison to other activities, functions, or operations for the 1977-79 biennium.

Prepared by: All managers of discrete activities.

Sample: Sample Activity Decision Packages are included in Attachment IV.

Decision Package Components:

1. **Activity name.** State the descriptive title of the activity that is the subject of the decision package. For the various levels of effort for each activity, the package name should be "Title (A)," "Title (B)," etc., to identify the level of effort the package represents.
2. **Program.** State the name of the program of which the activity is a part (i.e., youth services, health services, highways maintenance).
3. **Department.** Enter the name of the department of which the activity is a part.
4. **Rank.** Enter the initial ranking of the activity by the manager responsible for preparation of a program's decision packages in order of descending importance of priority (i.e., package ranked number 1 is more important than that ranked number 2). At subsequent review levels these packages may be renumbered when these rankings are merged with those of other programs and program units.
5. **Objective.** This should be an expression of the desired accomplishments for each activity. It should be an action statement, quantified, specific, and time limited.
6. **Workload and/or demand estimator.** List and estimate the magnitude of those conditions or circumstances which serve as the impetus for providing the resources to achieve the desired end results (outputs and impacts). The origin can be from citizens, legislation, or natural causes. For example, if the objective is to examine 130 banks in a year, the workload estimator would be the *total number of banks*. Or, if the objective is to inspect brands on all cattle marketed in Montana, the workload estimator would be the total number of cattle expected to be marketed.
7. **Recommended method of operation.** Describe the method you recommend to solve the problem or deliver the service (i.e., achieve the objective). Identify the way you chose as an improvement if it is indeed a new or better way that is different from the method currently being used.
8. **This level of operation.** Describe the level of effort that this package alone provides. This could be either 80 percent or less, current level of services, desired level, etc. In any case, *it should only describe the level that is the subject of the package*. For example, if this were a minimum package at, say, the 75 percent level you would describe the action you could take at that level of funding toward solving the problem or providing the service (achieving the objective).
9. **Output measures.** Provide meaningful quantitative measures to assist managers in evaluating the package and the effectiveness of performance. Output measures refer to the things a program does, i.e., the amount of work carried out. Therefore, include such measures as cost effectiveness ratios, unit costs, problem trends, workload (i.e., number of units of work performed) that the package is designed to achieve. How these measures are defined is critical to the future management

of the system and each program's resources. H.B. 643 requires that a variance report be submitted annually (by January 1) to the Legislature "for the immediate past fiscal year which shall detail variances between the expenditures, revenues, [output measures, impact indicators], and priorities expressed in the executive budget and those actually realized." It is therefore extremely important that both output measures, and effectiveness indicators be carefully and realistically identified insofar as the program will be periodically evaluated primarily on the basis of this data.

10. *Impact of activity.* Identify the tangible results to be realized through performance of the package, with emphasis on quantitative results. Achievements should identify how the package partially or fully achieves the objective and what the impact is on the problem area or target population. Any improvement in effectiveness should be highlighted. As with output measures, the careful and realistic definition of impact indicators are of critical importance in terms of future program evaluation.
11. *Impact indicators.* While output measures describe the work accomplished, impact indicators evaluate the impact of that work in solving a problem or assisting target populations receiving the service. Impact indicators attempt to determine whether the work (outputs) is worth doing by pinpointing the results of that work: what happens, in other words, to individuals, institutions, and the environment as a result of performing the activity. These indicators, expressed in narrative form under number 9, should be quantified and listed here.
12. *Alternative levels of effort and costs.* The package name, cost, and a brief description of the packages for the other levels of effort for that activity should be shown (separate packages will be prepared for those other levels of effort). For example, package A would display the summary for packages B and C; package B would display the summary for packages A and C, etc. This summary information is provided so that an individual looking at only one package can readily see the total levels of effort being recommended for that activity.
13. *Alternative methods of performing the activity.* Realistic alternatives to the recommended method of performing the activity should be described, the reasons for rejection stated, and the cost of the alternatives estimated. Realistic alternatives to the selected method should be displayed on each decision package, whether the package is the 80 percent level of effort or represents an additional level of effort.
14. *Consequences of not approving package.* In addition to not obtaining the results projected under numbers 9 and 10, what other effects would disapproval have on other functions, activities, or operations? Identify any policy or procedural changes that would have to be made if the package were not approved.
15. *Resources required.* Calculate, by object of expenditure, the funds necessary to accomplish the activity at the particular level of effort described in the package. Also include the number of FTE employees required.
16. *Sources of Funds.* List the anticipated source of funding.

17. *Manager.* List the person responsible for accomplishing the activity.
18. *Prepared by.* State the name of the person who actually prepared the package.
19. *Date.* List the date on which preparation of the package was completed.
20. *Code.* List the appropriate SBAS code number.
21. *Attachments.* Special analyses or additional explanations may be attached to each package at the discretion of the manager preparing the package if it is believed that the added information is required for effective evaluation of the package by higher management. Top management may also identify special analyses or information to be included for specific selected activities. *However, such attachments should be kept as brief as possible.*

Activity Decision Package Priority Ranking (Form PBS-3)

The purpose and concepts of the priority ranking process have also been discussed earlier. To briefly summarize, the basic purpose of the procedure is to identify and display activity decision packages in order of importance and benefits. This will aid in the evaluation and determination of 1977-79 budget levels for these programs involved. The ranking process should be successively performed by ascending levels of management up to the Governor's Office. At each succeeding level, packages are merged into a more comprehensive listing until, alternatively, all packages for all programs are ranked.

Instructions and definitions. Form PBS-3 should be completed in the following manner:

1. *Department.* Enter the name of the department of which the activity is a part.
2. *Program.* List the title of the program of which the activity is a part.
3. *Code.* Enter the appropriate SBAS code number for the department and program of which the activity is a part.
4. *Manager.* Identify the person responsible for managing the program for which activities are ranked.
5. *Date.* List the date on which the ranking process was finalized.
6. *Rank.* Rank each activity decision package in order of descending importance (i.e., package number 1 is more important than number 2). For different levels of effort, the package reflecting the 80 percent or less level should always be ranked higher than alternative levels reflecting increased effort. In other words, package A (80% less) should be ranked higher than package C, etc.
7. *Activity name and level.* List the activity decision package name shown on the corresponding decision package form.
8. *1976 Actual Resources.* List the resources (in dollars and FTE employees) actually expended on the activity in fiscal year 1976. This should match the amount shown on the decision package form.

9. *1977 Estimated resources.* The amount of resources expected to be expended on the activity in FY 1977 should be listed.
10. *1978 and 1979 requested.* Enter the amount of resources requested to carry out the activity in FY 1978 and FY 1979 (in dollars and FTE employees). In addition, under the heading of "cumulative," a running total of the dollars requested should be kept. In other words, the total for each activity should equal the cost of that package plus the total cost of all previously ranked packages. In the case of alternative levels of effort, only the balance between levels (i.e., package B - package A = balance) should be added for the higher level package. Finally, under the columns labeled "% of '77" and "% of '78," the ratio of the request for each activity to that of the previous year should be calculated as a percentage. In other words, if the 1978 request for package A is 25 percent less than the cost of the activity in 1977, the figure of 75 percent should be entered in the "% '77" column. If the activity is new, leave the space blank.

The ranking process should occur, as indicated above, at each successive level of management. All forms prepared for each level should be submitted to OBPP in order to establish a clear trail through the entire process. For those programs that transcend departmental lines, OBPP will coordinate the ranking process for those programs. An example of a priority table is included as Attachment V.

Budget Detail Forms

Instructions for completing the regular budget detail forms can be found in *Montana Administrative Manual*, Volume 2, Chapter 0500, April 1, 1976. The forms that should be completed are:

| | |
|--------|---|
| B-02 | Detail of Program Activity (with Detail Forms A, B, & C) |
| B-1000 | Summaries of Salaries and Annual Wages |
| B-80 | Summary of Program Activity |
| B-70 | Detail of Accounting Entity |

The information acquired by these forms should be compiled *by program* and should include information covering all activity decision packages ranked. *These forms should not be completed, then, until the ranking process has been completed.* They should be compiled in such a manner, however, that if decision packages are deleted, the appropriate adjustments can be easily made on the pertinent forms.

Submission of Priority Budgeting System Forms

PDP forms should be arranged in the following order for final submission to OBPP:

1. Program Narrative information (PBS-1)
2. Activity Decision Package Priority Table for total program (PBS-3)

3. Activity Decision Package Priority Tables for categories within programs (if applicable) (PBS-3)
4. Activity Decision Packages arranged in priority order for total program (reflecting relative rankings) (PBS-2)
5. Budget Detail Forms:
 - B-02
 - B-1000
 - B-80
 - B-70

Availability of Technical Assistance

The Office of Budget and Program Planning is prepared to make budget and planning staff available to assist organizational units in completing the Priority Budgeting System. Requests for such assistance should be addressed to the appropriate analysts as listed in Attachment VI, or to:

Samuel T. Hubbard
Deputy Director for Planning
Office of Budget and Program Planning
449-3084

ATTACHMENT I

EXECUTIVE GUIDELINES

Office of the Governor

Budget and Program Planning

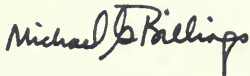
Thomas L. Judge
GovernorMichael G. Billings
Director

Capitol Building - Helena, Montana 59601

April 1, 1976

MEMORANDUM

TO: All Departments and Agencies

FROM: Michael G. Billings, Director 

RE: 1979 BIENNIUM BUDGET PREPARATION

We are currently engaged in the process of reviewing your *Executive Plans* - - in discussing the current and future direction of your programs and identifying priorities and problems. Once the planning process is complete, you will receive individualized guidelines reflecting decisions jointly reached during the review. At the same time, we are ready to move into the next step of the budget cycle - - preparation of your current level services budget requests for the 1977-79 Biennium.

The enclosed forms are to be used for your current level service requests. Precise definitions are contained in the instructions, but basically current level services are those for which you were funded by the last Legislature. Any modifications in that authorized level of services will be dealt with later as the concluding step of this process.

Your current level services budget request should include no increase in FTE. Inflationary increases will be allowed in only a few areas of operating expenses. You may include increases in utilities, gasoline and postage. The allowable inflationary amounts in these areas are addressed in the instructions attached. All other operating expense areas should show minimum increases. Inflation causes the expenditure of more money for the same work.

Our objective is to get the greatest amount of service for the taxpayer from every dollar expended by State government. Ideally, the Executive General Fund operating budget request should not exceed our best estimate of current available revenues for each fiscal year of the biennium. Surpluses which have accumulated over the past biennium should be used for capital construction, tax relief, and to maintain a comfortable position of fiscal solvency which will insure that an adequate cushion is available in case of an unexpected downward fluctuation of revenues. The people of Montana must be protected from the onerous tax increases other states have been required to impose in order to maintain vital services. The challenge of the future is for Government to become more effective and more efficient. This budget will be the primary vehicle for accomplishing this objective.

Those agencies with programs scheduled to be used as pilot projects for the program planning and budgeting system should note that separate instructions pertaining to that system will be forthcoming within the next few weeks.

Current level budget forms are available from the Office of Budget and Program Planning.

SCHEDULE OF ALLOWABLE INFLATIONARY INCREASES FOR FY 78 & FY 79

| Category | Name | Annual Percentage Increase Allowed |
|-----------------|--|---|
| 1300 | Other Compensation | -0- |
| 2100 | Contracted Services | -0- |
| 2200 | Supplies and Materials | |
| | 2205 Groceries | 10% |
| | 2207 Janitorial | 15% |
| | 2214 Printing | 7% |
| | 2215 Vehicular | 15% |
| | 2216 Gasoline | 12% |
| | all others | -0- |
| 2300 | Communications and Transportation | |
| | 2303 Postage | 30% |
| | all others | -0- |
| 2400 | Travel | -0- |
| 2500 | Rent | |
| | 2502 In locations where utilities are included in the rental payments | 10% |
| | all others | -0- |
| 2600 | Utilities | |
| | 2601 Electricity | 15% |
| | 2602 Heating fuel | 12% |
| | 2603 Natural gas | 30% |
| | 2604 Laboratory gas | 30% |
| | all others | -0- |
| 2700 | Repair and Maintenance | |
| | Expenditure identification codes that are required for: | |
| | Vehicular maintenance | 15% |
| | Building maintenance | 16% |

Schedule of Allowable Inflationary Increases for FY 78 & FY 79

Page 2

| Category | Name | Annual Percentage Increases Allowed |
|----------|----------------------------|--|
| 2800 | Other expenses | -0- |
| 2900 | Goods purchased for resale | -0- |
| 3100 | Equipment (replacement) | |
| | 3103 Autos and trucks | 6% |
| | all others | -0- |
| 4000 | Capital outlay | -0- |
| 5000 | Local assistance | -0- |
| 6000 | Grants | -0- |
| 7000 | Benefits and claims | -0- |

ATTACHMENT II

SAMPLE ACTIVITY DECISION PACKAGE SUBJECTS

(It is intended that agencies retain a great deal of flexibility in the selection of activity decision package subjects. This list is meant to be suggestive of a variety of possibilities.)

PUBLIC SAFETY (POLICE)

Highway patrol (total, by post, breakouts within each post—see example in Chapter 3)
Field supervision
Records and identification
Dispatching
Pathology
Criminalistics laboratory
Drug identification
Revocation and suspension (drivers' license)
Civil disorder unit
Firearms control
Accident report processing
Training
License pickup
Vehicles—purchasing, maintenance, supply
Toxicology laboratory
Handwriting analysis
Branch crime laboratories
Implied consent
Intelligence squad
Narcotics squad
Polygraph operations
Headquarters security
Commercial driver training school
Motor vehicle inspection
Drivers' license issuance
Uninsured motorists
Point system (violations)
Microfilm inactive drivers' licenses
Auto theft squad
Police academy
Equipment/facilities (groupings, individual items)
Administration (see separate listing)

SOCIAL & REHABILITATION SERVICES

Grant Programs (to local agencies)

AFDC
Aged
Blind
Disabled
Family foster care
Work incentive
Maternity
Day care
Emergency assistance
Specialized foster care
Return of runaway children
Psychological, psychiatric, and speech therapy
Emergency shelter homes

State-Supplied Services

Eligibility determination
County administration
Food programs
Child welfare services
Interviewing and correspondence
Quality control (aid programs)
Medical eligibility
Consultant physicians
Policy development and dissemination

State-Supplied Services (Cont.)

Youth services
Court services
Treatment of delinquents
Social workers/caseworkers (by program, location)
Research
Federal project services
Benefits control unit
Educational leave and scholarships
Library
Statistical unit
Hearing officers
Public relations
Adoption services
Physical examinations
Work training
Court service workers
Court field representatives
Licensing
Vocational guidance

AGRICULTURE

Inspection and testing (field operations, by type—feed, fertilizer, pesticides, seed, meat, poultry, blood, hatchery, etc.)
Weights and measures
Air sampling of hatcheries
Entomology
Foundation seed operation
Animal disease eradication
Animal disease diagnosis
Quality Milk Program
Bonding and certification
Commodity promotion
Press and radio
News service
Laboratory testing (by lab, by type—poultry, animal disease, pathology, brucellosis)
Farmers' markets
Grain grading
Livestock market news
Consumers' market bulletin
Consumer protection
Equine program
Beekeeping
Field inspections
Advertising
Fire ant eradication
Crop reporting service
Seed Technology
Egg quality control

HIGHWAY

Construction

Authority lease rentals
Bond payments
Capital projects (groupings, by project)

HIGHWAY (Cont.)

Planning and Construction Support

Bridge design
Bridge construction liaison
Branch laboratories
Aggregate testing
Bridge inventory
Road design
Location studies
Photogrammetry
Road and traffic statistics
Planning
Planning studies
Research and development
Asphalt design
Soil investigation
Soil testing
Pit section
Materials audit
Surveys
Right of way
Traffic engineering
Field engineering
Residences
Construction supervision
Capital projects and equipment
Permit review

Maintenance

Routine maintenance
Maintenance shop
Concrete paving repair
Bridge maintenance
Asphalt crews
Sign department
Grassing crews
Grading crews
Carpenter crews
Heavy maintenance
Radio and communications
Traffic markings
Painting
Capital projects and equipment

UNIVERSITY

Instruction

Departments (by department)
Courses (by course, groupings)
Department administration
Instructional support (computer, other services)
Laboratories
New courses (by course)
"Chairs"
Formula (based on student enrollment, credit hours, student/teacher ratios)

Research

Research (see separate listing)
Grants
Research fellowships

UNIVERSITY (Cont.)

Libraries

Librarians
Book binding
Cataloging
Photocopy and microfilm
Research
Special projects
Renovations
New book purchases
Subscriptions
General service—checkout, reader assistance
Computer
Filing
Capital projects/equipment

Administrative

(See separate listing)
Office of the President
Office of the Provost
Admissions
Graduate admissions
Registrar
Evaluation and remedial counseling
University relations
Health services
Housing
Student judicial affairs
Testing and evaluation
Alumni relations
Trust funds
Police department
Fire department
Student activities/union
Career development
Student employment/placement
Financial aid services
Placement and student aid
Student loans
Information and publications
Computer services

FISH AND GAME

Administration (see separate listing)
Area offices
District offices
Aircraft
Radio communications
Warehouse
Licensing
Law enforcement
Wildlife resource management
Fish research
Fish hatcheries
Fish protection
Management of private and public waters
Capital outlay (groupings, by project)

FISH AND GAME (Cont.)

Hunter training
Wildlife investigations
Wildlife stocking and control
Federal aid development
Land acquisition
Game research
Public relations
Vehicle fleet operations
Vehicle maintenance
Out-of-state promotion
Wildlife magazine
Fishing magazine

ATTACHMENT III

PROGRAM NARRATIVE INFORMATION

(The information discussed here is a sample and does not necessarily reflect a realistic analysis of the Youth Services Program. It is intended as an example of the kind of information that should be provided and the manner in which it should be formatted.)

Priority Budgeting System
GENERAL NARRATIVE MATERIAL

Youth Services Program

1. Statutory Authority
Department of Institutions – 80-1401, 80-1410, 80-2203-80-2213 (Mountain View School), 80-2201-80-2203, 80-1403 (Pine Hills School), R.C.M. 1947
Department of Social and Rehabilitation Services – Chapter 8 of Title 41, R.C.M. 1947 (Youth Development Bureau).

2. Program Analysis A complete description of the various activities carried out by the Youth Services Program is contained in each activity decision package. In general, the program consists of three categories: development services, institution services, and rehabilitation services. Responsibility for both development and intervention services is vested in the Youth Development Bureau of the Department of Social and Rehabilitation Services, while rehabilitation services are provided by the Corrections Division in the Department of Institutions. A schematic diagram of the youth services system is attached.

One theory is that Montana's best hope for reducing crime among adults is to reduce crime among its youths. Reports indicate juvenile arrests are increasing and indications are they will not peak until 1980.

Referrals to juvenile courts are on the upswing, as are the populations in all the detention facilities throughout the state.

These youth institutions are experiencing severe overcrowding problems during 1976-77. At the present time the system, both public and private, as a whole is operating at 100 percent of capacity. Many professionals attribute to the State's new Juvenile Court Act which makes the Commonwealth responsible for 50 percent reimbursement of court certified costs for all youth institutions, public as well as private.

Another factor frequently suggested as a reason for the sharply increasing youth institution population is the fact that the Commonwealth now requires the counties to pay only 25 percent of the cost of sending a youth to a State institution as opposed to 100 percent prior to 1971-72; it is planned to reduce these costs to zero in 1978-79.

The rapidly increasing population at youth institutions have not yet created the massive problems expected during

Priority Budgeting System
GENERAL NARRATIVE MATERIAL

A FUNCTIONAL DESCRIPTION OF A YOUTH SERVICES SYSTEM

mission → developed youth

| | | |
|---|--|---|
| <p>development primary action</p> <p>- to deal with no particular identified sub-group ... but rather to enhance the social development of all children</p> <p>COMMISSION OF STATE OF NEED ON</p> <p>no specific target</p> | <p>intervention</p> <p>- deviance has occurred in the target group or individual more clearly defined and the problem "targeted" for change.</p> <p>voluntary → involuntary</p> <p>identified target</p> | <p>rehabilitation</p> <p>- overt manifestation of maladjustment has become sufficiently intolerable to invoke a response from some official authority</p> <p>DISPOSITION OR OTHER OFFICIAL PUNISHMENT</p> <p>least restrictive → most restrictive alternatives</p> <p>sanctioned target</p> |
| <p>... to deal with no specific individual but rather to attack a particular all concern or concept of deviance</p> <p>... ANTI-SOCIAL ACT ... "DEVIANCY"</p> | | |

Priority Budgeting System
GENERAL NARRATIVE MATERIAL

the months of February and March, normally the highest commitment months.

Due to the overcrowding, youths are being processed at a much faster rate, resulting in shorter institutional stays and increases to the already high rate of recidivism.

This overcrowding, and continuing research done by groups such as the Board of Crime Control have prompted a review of the current and past programs geared to the reduction and prevention of delinquency in Montana. The work indicates that real program success has been slow in coming, not because of a lack of interest or expertise, but due to the magnitude of the problem and corresponding resource limitations.

There are various avenues of action the courts may pursue after a Youth has been adjudicated. Although probation is the choice most often selected, the most frequent alternative to probation is institutionalization.

In recent years, practitioners have begun to view the effectiveness of large institutions with a great deal of skepticism. This stated purpose of institutionalization was to produce a basic and permanent change in the youth's values, behavior and goals. Hopefully, when the youth is released, he or she would take the positive behavior modifications from his or her controlled environment at the institution back to their former community.

The primary desire for all adjudicated youths is to eventually return to the community. However, the same community pressure that first brought about the youth's commitment will still be present upon his return. Consequently, the new trend in corrections will increasingly be to rehabilitate the child in the community. Many youthful offenders come from homes to which they cannot be returned. Thus, they have nowhere to go but the institutions.

At present, the State is dealing with several serious problems in the youth development area. One problem is the removal of all youths from adult facilities, into juvenile centers with programs and activities specifically geared to the rehabilitation of young people.

Other attempts are being made to deal with the increasingly high commitment rates. A substantial portion of the youths in the system are being institutionalized because there are no alternative places to send them in their community. Often youths come to the attention of community authorities, after performing acts which are not normally punishable by

Priority Budgeting System
GENERAL NARRATIVE MATERIAL

detention. However, when the youths' home life is such that he can't be returned or if he is an orphan, then institutionalization is the only available answer, since too few viable solutions exist in the community. This budget recommends funds for the State to implement several of the recommendations of the Detention and Shelter Care Committee, established by SJR22. These proposals include the development of upgraded facilities in communities, as well as increased emphasis on probation subsidy and group and foster homes.

Analysis indicates that these efforts will be less expensive than large institutions, they should reduce the backlog of misplaced youths in detention facilities, and a large proportion of the aftercare responsibilities placed on probation officers will be substantially reduced. It is intended that the programs will reduce reliance upon the large institutions.

Unusual technologies being employed by the program include the increased emphasis on the "achievement place" as a community treatment approach (see decision package) and the transformation of the Pine Hills School to an "open campus", minimum security facility emphasizing strong interaction with the Miles City community, particularly in the area of vocational training and job development efforts.

Major External Trends: The major external trends which impact on the program are the behavior of law enforcement officers and district court judges, general economic conditions, and the effectiveness of local public schools. Changes in any one of these can have a significant influence on the number of clients who move through the system.

Past Effectiveness: Since the recommended future thrust of the program deviates significantly from previous approaches, little data is available. In general, however, the institutional services provided have been moderately effective in preventing recidivism (the rate declined in the last biennium by 10 percent), providing academic education (80 percent of released students successfully reentered public school systems at a level within one year of their peers of the same age), and providing job development services (a successful placement rate of 60 percent). A more detailed evaluation of program effectiveness can be gained from an examination of individual decision packages.

Future events. This budget request would be materially affected by a number of changes, including a higher-than-expected commitment rate through the biennium, and the development of community resources and programs at a pace slower-than-planned.

Priority Budgeting System
GENERAL NARRATIVE MATERIAL

3. Development of Priority Listing. The ranking of activities in the Youth Services Program was based primarily on two policy initiatives: (1) to provide care and treatment for youth-in-trouble in the least restrictive setting possible; and (2) to provide institutional services in a manner that emphasizes strong community involvement and interaction.

ATTACHMENT IV

SAMPLE ACTIVITY DECISION PACKAGES

(The following decision packages are for example purposes only and do not necessarily reflect a realistic analysis of the activity.)

Priority Budgeting System
ACTIVITY DECISION PACKAGE

| 1. Activity Name | 2. Program | 3. Department | | | 4. Rank | | |
|--|----------------------|--|--------------|------|---------|------|------|
| | | Youth Services | Institutions | | 1976 | 1977 | 1978 |
| 5. OBJECTIVE Provide comprehensive academic educational services to all institutional services clients each year. | Academic Education A | 6. Workload and/or Demand Estimator | 1976 | 1977 | 1978 | 1979 | |
| | | | 200 | 205 | 180 | 170 | |
| 7. DESCRIBE RECOMMENDED METHOD OF OPERATION Contracts are written with Helena and Miles City School Districts to provide all students with classroom instruction, and counselling on the campuses of the two institutions. | | Hrs. classroom instruction/day (standard) | 6 | 6 | 3 | 3 | |
| | | Hrs. counselling/week (Standard) | 1 | 1 | 1 | 1 | |
| | | Hrs. testing/student | 1 | 1 | 0 | 0 | |
| 8. DESCRIBE THIS LEVEL OF OPERATION (A) Cost: \$406,080. Each student is provided with 3 hours of classroom instruction 3 days per week, no educational testing, and 1 hour of counselling per month. Successful re-entry would decline to less than 50% per year, and diplomas granted to 45% per year. | | 9. Output Measures | 1976 | 1977 | 1978 | 1979 | |
| | | Hrs. testing/student | 1 | 1 | 0 | 0 | |
| | | Hrs. classroom instruction/student/week | 20 | 20 | 9 | 9 | |
| | | Hrs. counselling/student/month | 4 | 4 | 1 | 1 | |
| 10. DESCRIPTION OF IMPACT OF ACTIVITY This activity contributes significantly to the successful rehabilitation of the juvenile offender. It contributes to a reduction in the recidivism rate of juveniles, and a reduction in the number of juveniles who enter the adult offender system. The impact of the activity can be measured by the number of students who, upon release from the institutions, successfully re-enter the regular public school system (by this is meant re-entry at a grade level commensurate with age). For those students who leave the institutions at or near age 18, impact is indicated by the number who have successfully completed requirements for a H.S. diploma | | 11. Impact Indicators | 1976 | 1977 | 1978 | 1979 | |
| | | Successful re-entry (% of students released) | 60 | 56 | 50 | 50 | |
| | | Diplomas granted (% eligible graduates) | 50 | 50 | 45 | 45 | |
| | | | | | | | |

Priority Budgeting System
ACTIVITY DECISION PACKAGE

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-----------------------------------|------------------------------------|-------------------|-------------------------------|---------------------------------|----------------|-----------------------|----------------|------|------|------|------|--------------------|---------|---------|--------|--------|--------------------|---------|---------|---------|----------------------|--------|--------|---------|---------|---------|---------|--------|--------|-----------|-------|-------|---|---|-----|---|---|---|--------------|----------------|----------------|----------------|----------------|--------------|----------|----------|----------|----------------------|-------------|-------------|------------|------------|--------------|----------------|----------------|----------------|------------------------------------|--|--|--|--|---------------------------------|--|-----------------------|--|--|--|--|--|--|-----------|--|-------------|--|
| Activity Title: Academic Education A | Program: Youth Services | Department: Institutions | Rank: 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>12. DESCRIPTION: ALTERNATIVE LEVELS OF EFFORT (WITH COSTS) (B) Cost: \$540,000. Each student is provided with the 4 hours of daily classroom instruction, comprehensive educational testing services (within 2 weeks of reception), and at least 1 hour of educational counselling per week, in compliance with standards developed by OSPI. Under this approach, attention to individual student needs is minimal. (C) Cost: \$572,400. Classroom instruction would be provided at a rate of 6 hours per day per student, educational testing at a comprehensive level, and counselling at 3 hours per student per week. Successful re-entry would increase to 90% and diplomas granted to 95%.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>13. DESCRIPTION: ALTERNATIVE METHODS OF PERFORMING ACTIVITY (WITH COSTS AND BENEFITS) -- Employ teachers and counselors directly (30 FTE's, \$570,000). Rejected because service quality and quantity would show no improvement, approach would go against policy initiatives mandating less intrusive role for state government and increased interaction between institutions and communities. -- Send students directly to schools in Miles City and Helena (\$540,000). Would maximize community interaction, but would also be strongly resisted by community residents.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>14. DESCRIPTION: CONSEQUENCES OF NOT APPROVING PACKAGE A variety of recent federal court decisions require that educational services be provided to all institutional residents. Therefore, were this package not approved, the state would be in violation of the law. In addition, the residents would suffer, especially in relation to their peers outside the institutional system.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">15. Resources Required</td> <td style="width: 10%;">1976</td> <td style="width: 10%;">1977</td> <td style="width: 10%;">1978</td> <td style="width: 10%;">1979</td> <td style="width: 15%;">1976</td> <td style="width: 10%;">1977</td> <td style="width: 10%;">1978</td> <td style="width: 10%;">1979</td> </tr> <tr> <td>Personnel Salaries</td> <td>565,361</td> <td>455,968</td> <td>47,000</td> <td>46,041</td> <td>State General Fund</td> <td>496,352</td> <td>400,207</td> <td>366,080</td> </tr> <tr> <td>Operational Expenses</td> <td>30,460</td> <td>32,683</td> <td>361,380</td> <td>380,343</td> <td>Federal</td> <td>108,014</td> <td>93,444</td> <td>40,000</td> </tr> <tr> <td>Equipment</td> <td>8,545</td> <td>5,000</td> <td>0</td> <td>0</td> <td>ERA</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>604,366</td> <td>493,651</td> <td>406,080</td> <td>426,384</td> <td>Other</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>FTE Employees</td> <td>33.2</td> <td>32.7</td> <td>3.0</td> <td>3.0</td> <td>Total</td> <td>604,366</td> <td>493,651</td> <td>406,080</td> </tr> <tr> <td colspan="5">17. MAINTAINED BY: John Doe</td> <td colspan="2">19. DATE: August 1, 1976</td> <td colspan="2">20. CODE: 2150</td> </tr> <tr> <td colspan="5"></td> <td colspan="2" style="text-align: right;">Package A</td> <td colspan="2" style="text-align: right;">Page 2 of 2</td> </tr> </table> | | | | 15. Resources Required | 1976 | 1977 | 1978 | 1979 | 1976 | 1977 | 1978 | 1979 | Personnel Salaries | 565,361 | 455,968 | 47,000 | 46,041 | State General Fund | 496,352 | 400,207 | 366,080 | Operational Expenses | 30,460 | 32,683 | 361,380 | 380,343 | Federal | 108,014 | 93,444 | 40,000 | Equipment | 8,545 | 5,000 | 0 | 0 | ERA | 0 | 0 | 0 | Total | 604,366 | 493,651 | 406,080 | 426,384 | Other | 0 | 0 | 0 | FTE Employees | 33.2 | 32.7 | 3.0 | 3.0 | Total | 604,366 | 493,651 | 406,080 | 17. MAINTAINED BY: John Doe | | | | | 19. DATE: August 1, 1976 | | 20. CODE: 2150 | | | | | | | Package A | | Page 2 of 2 | |
| 15. Resources Required | 1976 | 1977 | 1978 | 1979 | 1976 | 1977 | 1978 | 1979 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Personnel Salaries | 565,361 | 455,968 | 47,000 | 46,041 | State General Fund | 496,352 | 400,207 | 366,080 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operational Expenses | 30,460 | 32,683 | 361,380 | 380,343 | Federal | 108,014 | 93,444 | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 8,545 | 5,000 | 0 | 0 | ERA | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 604,366 | 493,651 | 406,080 | 426,384 | Other | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FTE Employees | 33.2 | 32.7 | 3.0 | 3.0 | Total | 604,366 | 493,651 | 406,080 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17. MAINTAINED BY: John Doe | | | | | 19. DATE: August 1, 1976 | | 20. CODE: 2150 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Package A | | Page 2 of 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Priority Budgeting System
ACTIVITY DECISION PACKAGE

| 1. Activity Title | 2. Program | 3. Department | | 4. Rank | | |
|---|----------------------|--|--------------|---------|------|------|
| | | Youth Services | Institutions | | | |
| 5. OBJECTIVE: Provide comprehensive academic educational services to all institutional services clients each year. | Academic Education B | 6. Workload and/or Demand Estimator | 1976 | 1977 | 1973 | 1979 |
| | | Total No. of Students | 200 | 205 | 180 | 170 |
| 7. DESCRIPTION: A. TITLED: METHOD OF OPERATION Contracts are written with the Helena and Miles City School Districts to provide all students with classroom instruction, education testing, and counselling on the campuses of the two institutions. | | Hrs. classroom instruction (standard)/day | 6 | 6 | 4 | 4 |
| | | Hrs. counselling (standard)/week | 1 | 1 | 1 | 1 |
| 8. DESCRIPTION: B. LEVEL OF OPERATION (B) Cost: \$540,000. Each student is provided with the 4 hours of daily classroom instruction, comprehensive educational testing services (within 2 weeks of reception), and at least 1 hour of educational counselling per week, in compliance with standards developed by OSPI. Under this approach, attention to individual student needs is minimal. | | 9. Output Measures | 1976 | 1977 | 1973 | 1979 |
| | | Hrs. testing/student | 1 | 1 | 1 | 1 |
| 10. DESCRIPTION: C. IMPACT OF ACTIVITY This activity contributes significantly to the rehabilitation of the juvenile offender. It contributes to a reduction in the recidivism rate of juveniles, and a reduction in the number of juveniles who enter the adult offender system. The impact of the activity can be measured by the number of students who, upon release from the institutions, successfully re-enter the regular public school system (by this is meant re-entry at a grade level commensurate with age). For those students who leave the institutions at or near age 18, impact is indicated by the number who have successfully completed requirements for a high school diploma. | | Hrs. classroom instruction/student/day | 4 | 4 | 4 | 4 |
| | | Hrs. of counselling/student/week | 1 | 1 | 1 | 1 |
| | | Total students (tdp) | 200 | 205 | 180 | 170 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | 11. Impact Indicators | 1976 | 1977 | 1973 | 1979 |
| | | Successful re-entry (% of students released) | 60 | 56 | 75 | 75 |
| | | Diplomas granted (% of eligible students) | 50 | 50 | 60 | 65 |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Priority Budgeting System
ACTIVITY DECISION PACKAGE

| Activity Item | Program | Department | Institutions | Rank | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------|--------------|--------------|-------------------------------|------------------------|---------|---------|---------|---------|----------------------|------|------|------|------|--------------------|---------|---------|--------|--------|--------------------|---------|---------|---------|---------|----------------------|--------|--------|---------|---------|---------|---------|--------|--------|--------|-----------|-------|-------|---|---|-----|---|---|---|---|-------|---------|---------|---------|---------|-------|---|---|---|---|---------------|------|------|-----|-----|-------|---------|---------|---------|---------|
| Academic Education B | Youth Services | Institutions | | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>12. DESCRIPTION: ALTERNATIVE LEVELS OF EFFORT (WITH COSTS) (A) Cost: \$406,080. Each student is provided with 3 hours of classroom instruction 3 days per week, no education testing, and 1 hour of counselling per month. Successful re-entry would decline to less than 50% per year, and diplomas granted to 45% per year. (C) Cost: \$572,400. Classroom instruction would be provided at a rate of 6 hours per day per student, educational testing at a comprehensive level, and counselling at 3 hours per student per week. Successful re-entry would increase to 90% and diplomas granted to 95%.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>13. DESCRIPTION: ALTERNATIVE METHODS OF PERFORMING ACTIVITY (WITH COSTS AND BENEFITS) — Employ teachers and counselors directly (30 FTE's, \$570,000). Rejected because service quality and quantity would show no improvement, approach would go against policy initiatives mandating less intrusive role for state government and increased interaction between institutions and communities. — Send students directly to schools in Miles City and Helena (\$540,000). Would maximize community interaction, but would also be strongly resisted by community residents.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>14. DESCRIPTION: CONSEQUENCES OF NOT APPROVING PACKAGE A variety of recent federal court decisions require that educational services be provided to all institutional residents. Therefore, were this package not approved, the state would be in violation of the law. In addition, the residents would suffer, especially in relation to their peers outside the institutional system.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>15. Resources Required</th> <th>1976</th> <th>1977</th> <th>1978</th> <th>1979</th> <th>16. Sources of Funds</th> <th>1976</th> <th>1977</th> <th>1978</th> <th>1979</th> </tr> </thead> <tbody> <tr> <td>Personnel Services</td> <td>565,361</td> <td>455,968</td> <td>44,700</td> <td>46,041</td> <td>State General Fund</td> <td>496,352</td> <td>400,207</td> <td>500,000</td> <td>520,400</td> </tr> <tr> <td>Operational Expenses</td> <td>30,460</td> <td>32,683</td> <td>495,300</td> <td>526,359</td> <td>Federal</td> <td>108,014</td> <td>93,444</td> <td>40,000</td> <td>52,000</td> </tr> <tr> <td>Equipment</td> <td>8,545</td> <td>5,000</td> <td>0</td> <td>0</td> <td>ERA</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>604,366</td> <td>493,651</td> <td>540,000</td> <td>572,400</td> <td>Other</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>FTE Employees</td> <td>32.7</td> <td>32.7</td> <td>3.0</td> <td>3.0</td> <td>Total</td> <td>604,366</td> <td>493,651</td> <td>540,000</td> <td>572,400</td> </tr> </tbody> </table> | | | | | 15. Resources Required | 1976 | 1977 | 1978 | 1979 | 16. Sources of Funds | 1976 | 1977 | 1978 | 1979 | Personnel Services | 565,361 | 455,968 | 44,700 | 46,041 | State General Fund | 496,352 | 400,207 | 500,000 | 520,400 | Operational Expenses | 30,460 | 32,683 | 495,300 | 526,359 | Federal | 108,014 | 93,444 | 40,000 | 52,000 | Equipment | 8,545 | 5,000 | 0 | 0 | ERA | 0 | 0 | 0 | 0 | Total | 604,366 | 493,651 | 540,000 | 572,400 | Other | 0 | 0 | 0 | 0 | FTE Employees | 32.7 | 32.7 | 3.0 | 3.0 | Total | 604,366 | 493,651 | 540,000 | 572,400 |
| 15. Resources Required | 1976 | 1977 | 1978 | 1979 | 16. Sources of Funds | 1976 | 1977 | 1978 | 1979 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Personnel Services | 565,361 | 455,968 | 44,700 | 46,041 | State General Fund | 496,352 | 400,207 | 500,000 | 520,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operational Expenses | 30,460 | 32,683 | 495,300 | 526,359 | Federal | 108,014 | 93,444 | 40,000 | 52,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 8,545 | 5,000 | 0 | 0 | ERA | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 604,366 | 493,651 | 540,000 | 572,400 | Other | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FTE Employees | 32.7 | 32.7 | 3.0 | 3.0 | Total | 604,366 | 493,651 | 540,000 | 572,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>17. MANAGEMENT John Doe Karen Jones</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>18. PREPARED BY Karen Jones</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>19. DATE August 1, 1976</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>20. CODE 2150</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Package B of C Page 2 of 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Priority Budgeting System
ACTIVITY DECISION PACKAGE

| 1. Activity / Academic Education (C) | 2. Program Youth Services | 3. Department | | | 4. Rank | |
|--|------------------------------|--|------|------|---------|------|
| 5. OBJECT: | | 6. Workload and/or Demand Estimator | 1976 | 1977 | 1978 | 1979 |
| Provide comprehensive academic educational services to all institutional services clients each year. | | Total No. of Students | 200 | 205 | 180 | 170 |
| 7. DESCRIBE THE LEVEL OF OPERATION Contracts are written with the Helena and Miles City School Districts to provide all students with classroom instruction, education testing, and counselling on the campuses of the two institutions. | | Hrs. classroom instruction (minutes)/day | 6 | 6 | 6 | 6 |
| | | Hrs. counselling (minutes)/week | 1 | 1 | 1 | 1 |
| | | Hrs. of testing/student | 1 | 1 | 3 | 3 |
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Priority Budgeting System
ACTIVITY DECISION PACKAGE

| | | | |
|--|----------------------------------|-----------------------------------|------------------|
| Activity Name Academic Education C | Program Youth Services | Department Institutions | Rank 9 |
|--|----------------------------------|-----------------------------------|------------------|

12. DESCRIBE ALTERNATIVE LEVELS OF EFFORT (WITH COSTS)
 (A) Cost: \$406,080. Each student is provided with 3 hours of classroom instruction, 3 days per week, no education testing, and 1 hour of counselling per month. Successful re-entry would decline to less than 50% per year, and diplomas granted to 45% per year.
 (B) Cost: \$540,000. Classroom instruction would be provided at a rate of 6 hours per day per student, educational testing at a comprehensive level, and counselling at 3 hours per student per week. Successful re-entry would increase to 90% and diplomas granted to 95%.

13. DESCRIBE ALTERNATIVE METHODS OF PERFORMING ACTIVITY (WITH COSTS AND BENEFITS)
 - Employ teachers and counselors directly (30 FTE's, \$570,000). Rejected because service quality and quantity would show no improvement, approach would go against policy initiatives mandating less intrusive role for state government and increased interaction between institutions and communities.
 - Send students directly to schools in Miles City and Helena (\$540,000). Would maximize community interaction, but would also be strongly resisted by community residents.

14. DESCRIBE CONSEQUENCES OF NOT APPROVING PACKAGE
 A variety of recent federal court decisions require that educational services be provided to all institutional residents. Therefore, were this package not approved, the state would be in violation of the law. In addition, the residents would suffer, especially in relation to their peers outside the institutional system.

| | 1976 | 1977 | 1978 | 1979 | 1976 | 1977 | 1978 | 1979 |
|-------------------------------|----------------|----------------|----------------|----------------|-----------------------------|----------------|----------------|----------------|
| 15. Resources Required | | | | | 16. Sources of Funds | | | |
| Personal Services | 565,361 | 455,968 | 44,700 | 46,041 | State General Fund | 496,352 | 400,207 | 532,400 |
| Operating Expenses | 30,460 | 32,683 | 527,700 | 526,359 | Federal | 108,014 | 93,444 | 40,000 |
| Equipment | 8,545 | 5,000 | 0 | 0 | ERA | 0 | 0 | 0 |
| Total | 604,366 | 493,651 | 572,400 | 572,400 | Other | 0 | 0 | 0 |
| FTE Employees | 32.7 | 32.7 | 3.0 | 3.0 | Total | 604,366 | 493,651 | 572,400 |

17. MANAGER
John Doe

18. PREPARED BY
Karen Jones

19. DATE
August 1, 1976

20. CODE
2150

Package C of C
Page 2 of 2

ATTACHMENT V

Sample Priority Table



Priority Budgeting System

ACTIVITY DECISION PACKAGE PRIORITY TABLE

| R A N K | DEPARTMENT | Institutions | | PROGRAM | | Youth Services | | | CODE | MANAGER | John Doe | | | DATE |
|------------------|------------|--------------|----------------|----------------|----------------|----------------|------------|------------|---------|---------|----------|-----------|---------|------|
| | | 1976 ACTUAL | 1977 ESTIMATED | 1978 REQUESTED | 1979 REQUESTED | DOLLARS | FTE | % 77 | | | DOLLARS | FTE | % 78 | |
| 1 | | | | | | | | | 2100 | | | | 8/12/76 | |
| | | DOLLARS | DOLLARS | DOLLARS | DOLLARS | DOLLARS | DOLLARS | DOLLARS | | | | | | |
| | | FTE | FTE | FTE | FTE | FTE | FTE | FTE | | | | | | |
| | | % 77 | | | | | | | | | | | | |
| | | CUMULATIVE | CUMULATIVE | CUMULATIVE | CUMULATIVE | CUMULATIVE | CUMULATIVE | CUMULATIVE | | | | | | |
| | | % 78 | | | | | | | | | | | | |
| 1 | | 266,405 | 375,920 | 320,610 | 320,610 | 320,610 | 320,610 | 320,610 | 339,847 | 26.0 | 80 | 339,847 | 106 | |
| 2 | | | | 156,000 | | 156,000 | 476,610 | | 314,000 | 4.0 | | 653,847 | 201 | |
| 3 | | 604,366 | 493,651 | 406,080 | 32.7 | 406,080 | 882,690 | 80 | 426,384 | 3.0 | | 1,059,927 | 100 | |
| 4 | | 1,011,557 | 1,078,277 | 830,273 | 42.0 | 830,273 | 1,712,963 | 77 | 871,787 | 30.0 | | 1,931,771 | 105 | |
| 5 | | 604,366 | 493,651 | 540,000 | 32.7 | 540,000 | 1,846,883 | 109 | 572,400 | 3.0 | | 2,098,091 | 106 | |
| 6 | | | | 563,410 | | 563,410 | 2,410,293 | | 456,000 | 3.0 | | 2,554,091 | 81 | |
| 7 | | | | 704,262 | | 704,262 | 2,551,146 | | 588,240 | 5.0 | | 2,686,331 | 84 | |
| 8 | | 266,405 | 375,920 | 407,174 | 30.0 | 407,174 | 2,637,710 | 108 | 419,389 | 30.0 | | 2,765,873 | 103 | |
| 9 | | 604,366 | 493,651 | 572,400 | 32.7 | 572,400 | 2,669,710 | 116 | 572,400 | 3.0 | | 2,785,873 | 100 | |



ATTACHMENT VI

Pilot Programs & Assigned Analysts



| Pilot Program | Department | OBPP Analysts |
|----------------------------|---|--|
| Board of Crime Control | Justice | Les Simkins Dick Hulme |
| Consumer Protection | Business Regulation (all) | Ed Eaton Les Simkins Larry Huggins |
| Fish and Game | Fish and Game (all) | Jim Williams Mike Koehnke |
| Health Services | Health and Environmental Sciences | Jim VanKoten Karen Hedblom |
| Highway Maintenance | Highways | Les Simkins Dick Hulme |
| Highway Traffic Safety | Community Affairs | Les Simkins Dick Hulme |
| Montana Historical Society | Education | Jon Krutar |
| Youth Services | Social & Rehabilitation Services Institutions | Doug Booker |

